



Founded 1876
Incorporated 1899

TOWN OF JEROME

POST OFFICE BOX 335, JEROME, ARIZONA 86331
(928) 634-7943 FAX (928) 634-0715

MEMO

FROM: Candace Gallagher, Town Manager/Clerk
TO: Mayor and Council
SUBJECT: 2016-17 Municipal Budget
DATE: June 14, 2016

At this meeting, following five public Council work sessions and months of work by staff, we are poised to adopt the tentative budget for 2016-17. **Once the tentative budget is adopted, expenditures may not be increased; however, they can be decreased.** The proposed timeline anticipates holding the public hearing and adoption of the budget at a special meeting on June 28. In the interim, it will be published two times in the Verde Independent, and made available on our website and at the library, in accordance with statutory requirements. The property tax levy would then be adopted at our regular July meeting (July 12).

As presently drafted, and including all changes discussed by Council, this budget:

- Anticipates no increases in water service fees, sewer service fees, sanitation service fees or property tax levy.
- Anticipates \$865,000 in sales tax revenue. This is based on the following:
 - No increase in base tax rate (3.5%).
 - An increase in the bed tax from 2% to 3%, effective November 1, 2016. This additional one percent (representing \$10,000 in this tentative budget) must, by law, be dedicated to support tourism, and a line item has been added as an expenditure in the General Government department budget for that purpose.
 - A new tax on commercial rentals (3.5%). Jerome is one of only four municipalities in Arizona that do not currently impose this tax. It would become effective November 1, 2016.
 - Maintaining the existing 4.5% tax rate for restaurants and bars.
- Reflects savings realized from moving the Zoning Administrator from a full-time to a part-time position.
- Reflects Fire Department Duty Officer as a full-time position, and eliminates the pay allocated to Assistant Fire Chief.
- Provides a subsidy from the General Fund to the Water, Sewer and HURF budgets in the amounts of \$24,000, \$28,500 and \$62,695, respectively.
- Includes a transfer from the Sanitation budget to the Capital Fund in the amount of \$5,000 toward the purchase of a new garbage truck. To date, and including this transfer, \$30,000 has been set aside for that purpose.
- Includes a transfer from the General Fund to the Capital Fund in the amount of \$38,000 toward unspecified future capital improvements or acquisitions.

- Once again this year, provides \$10,000 toward part-time labor for fuel abatement (dead wood removal).
- Increases Town contribution to Fire Department Pension fund by \$2,000.
- Provides for the hire of an additional full-time Public Works crew member as of January 1, 2017.
- Includes greater funding this year under “R&M Infrastructure” to provide for water, sewer and street repairs and improvements as follows:
 - Water infrastructure: \$35,000 (plus \$14,000 engineering) (2015-16 level was \$20,000 + \$4,000)
 - Sewer infrastructure: \$35,000 (plus \$4,000 engineering) (2015-16 level was \$25,000 + \$3,000)
 - HURF (streets): \$16,000 (plus \$3,000 engineering) (2015-16 level was \$11,000 + \$450)
- Includes, as a contingency, revenue from parking kiosks (to be discussed by Council at a future meeting).

In addition, this budget provides for a pay increase totaling one percent, to be divided equally among all employees (and prorated for part time employees based on hours worked). In this way, those employees at the lower end of the pay scale will receive a greater percentage increase than those at the higher end.

Actual spending will be subject to the availability of funds at the time. As a large portion of our revenue is derived from sales taxes and utility payments, cash flow fluctuates, and this will be taken into consideration as we move forward.